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AUG 26 1993

Before The  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In re Applications of	)	MM Docket No. <u>93-53</u>
	)	
KR PARTNERS	)	File No. BPH-911001MB
	)	
KES COMMUNICATIONS, INC.	)	File No. BPH-911003MH
	)	
LORI LYNNE FORBES	)	File No. BPH-911004MH
	)	
For a Construction Permit for a	)	
New FM Station on Channel 256C in	)	
Waimea, Hawaii	)	

To: Honorable Joseph P. Gonzalez  
Administrative Law Judge

MOTION FOR SUMMARY DECISION

KR Partners ("KR"), by counsel and pursuant to 47 C.F.R. Section 1.251, hereby moves for summary decision on the financial issue specified against KR in the Hearing Designation Order, DA 93-239, released March 16, 1993 ("HDO"). In support thereof the following is stated.

Issue (1) in the HDO seeks "to determine with respect to KR, whether the applicant is financially qualified." The Chief, Audio Services Division ("Chief") specified the issue after accepting that portion of KR's June 3, 1992, amendment which provided a new financial certification, but did not accept that part of the amendment which provided revised cost estimates. The Chief specified the issue because KR's amended certification of the availability of \$250,000 did not meet the construction cost estimates set forth in KR's original application (\$388,300). The revised cost estimates which KR set forth in its June 1992 amendment were \$203,450.

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On May 27, 1993, KR filed an amendment of right in response to the designated financial issue (accompanied by a Petition for Leave to Amend), which included updated cost estimates for KR's proposed station and a more detailed explanation why KR amended its cost estimates in its June 1992 amendment. The revised and updated cost estimates reported in KR's May 1993 amendment were \$239,225. This revision was based on a reexamination of KR's estimates to account for changes in its plans for the station, and in the cost of items included in the estimates reported in KR's June 1992 amendment. See Petition for Leave to Amend, page 3. A copy of the amendment is Attachment 1 hereto.

More recently, on August 23, 1993, the parties to this proceeding filed a Joint Request for Approval of Settlement Agreements which requested the Presiding Judge to approve 1) a Merger Agreement between KR and KES Communications, Inc. ("KES"), and 2) a Settlement Agreement among KR, KES, and Lori Lynne Forbes ("Forbes"). As a result of the Merger Agreement, principals of KR and KES propose to merge their interests into a single entity (Hawaii Broadcasting Company, Inc.) which will continue to prosecute KR's application, as amended to reflect the merged entity. Under the Settlement Agreement, Forbes agrees to dismiss her application in return for reimbursement of her expenses by KR and KES, thereby allowing the grant of the amended KR/Hawaii Broadcasting Company application.

Concurrent with the Joint Request, KR filed a Petition for Leave to Amend and accompanying amendment to reflect the KES/KR

merger and formation of Hawaii Broadcasting Company, contingent upon approval of the settlement agreements. The amendment included a revised Section III, Financial Qualifications. The new financial certification set forth the same updated cost estimates submitted with KR's May 1993 amendment (Attachment 1 hereto), and relied on a loan commitment from First Interstate Bank in the amount of \$400,000 to meet the estimated cost to build and operate the station.<sup>1</sup> Relevant excerpts from the August 23 amendment are Attachment 2 hereto. Copies of supporting documentation for the amended financial certification, including detailed cost estimates, First Interstate Bank's commitment letter dated August 9, 1993, and the March 9, 1993, First Interstate Bank letter to KES referenced in the August 9 letter, are Attachment 3 hereto.

To obtain summary decision an applicant must demonstrate "that there is no genuine issue of material fact for determination at the hearing." Section 1.251(a)(1). The merger between KR and KES, the provision of current cost estimates, and the availability of the First Interstate Bank loan demonstrate that the amended applicant is financially qualified and permits summary decision of the

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<sup>1</sup> Because the Commission does not generally consider the impact of a settlement on an applicant's financial qualification, see Evergreen Broadcasting Company, 7 FCC Rcd 6601 (1992), the cost estimates submitted in the August 23 amendment did not include the cost of the settlement with Forbes (\$32,500). However, even taking the settlement cost into account, the funds available as reflected in the amended financial certification more than cover the settlement amount.

financial issue originally specified against KR.<sup>2</sup>

The Commission requires an applicant to demonstrate that it has available sufficient funds to construct its proposed station and to operate it for three months without relying on revenue. The merged applicant (Hawaii Broadcasting Company) has adopted KR's revised cost estimates of \$239,225 for the construction and initial operation of its proposed station. First Interstate Bank has stated its willingness to loan to the merged applicant the same amount of funds (\$400,000) which it had previously agreed to loan to KES. Pursuant to Paragraph 11 of the Merger Agreement between KR and KES (Exhibit 1 to the Joint Request), Julie O'Connor and Karen Slade, the principals of the merged applicant, have agreed to provide personal guarantees and to pledge their stock in the new corporation as collateral for loans to the corporation. The availability of First Interstate's \$400,000 loan is more than sufficient to cover the \$239,225 estimated cost of construction and initial operation. Therefore, upon approval of the settlement and acceptance of KR's August 23 amendment, the merged applicant is financially qualified and the Presiding Judge may grant summary decision of the financial issue originally designated against KR in the HDO.

Wherefore, for the foregoing reasons, KR respectfully requests

---

<sup>2</sup> The demonstration of the merged applicant's financial qualifications is dependent on the Presiding Judge approving the settlement agreements and accepting KR's August 23 amendment. If the Presiding Judge should determine not to approve the settlement and, therefore, does not accept the August 23 amendment, then this Motion for Summary Decision would become moot.

the Presiding Judge to grant summary decision and resolve favorably the financial issue specified against KR in the HDO, subject to a grant of the Joint Request, approval of the settlement of this proceeding, and acceptance of KR's August 23, 1993, amendment.

Respectfully submitted,

KR PARTNERS

By:   
Mark Van Bergh, Esq.

WAYS DORF & VAN BERGH  
Suite 504  
1000 Connecticut Ave., N.W.  
Washington, D.C. 20036  
(202) 785-2870

Dated: August 26, 1993

ATTACHMENT 1

LAW OFFICES OF  
**WAYS DORF & VAN BERGH**

Suite 504  
1000 Connecticut Avenue, N.W.  
Washington, D.C. 20036  
Telephone: (202) 785-2870  
Telecopier: (202) 872-0604

RETURN COPY

RICHARD WAYS DORF  
DIRECT LINE: (202) 785-2871

MARK VAN BERGH  
DIRECT LINE: (202) 785-2872

May 27, 1993

Ms. Donna R. Searcy  
Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

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Re: KR Partners  
BPH-911001MB  
MM Docket 93-52

MAY 27 1993

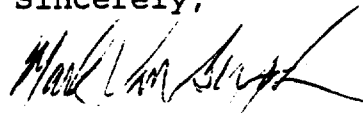
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Dear Ms. Searcy:

On behalf of KR Partners, applicant for a construction permit for a new FM station on Channel 256C at Waimea, Hawaii, File No. BPH-911001MB, submitted herewith in triplicate is an amendment to its pending application. This amendment is the subject of a simultaneously filed Petition for Leave to Amend.

Should any questions arise concerning this matter please contact undersigned counsel.

Sincerely,



Mark Van Bergh

cc: w/encl.  
Administrative Law Judge Gonzalez  
Counsel for all parties

## AMENDMENT

This is an amendment to the application of KR Partners ("KR"), applicant for a new FM station at Waimea, Hawaii, File No. BPH-911001MB. The purpose of this amendment is to update Section III of KR's application to provide revised cost estimates for KR's proposed station, and to provide additional information concerning an earlier revision of KR's cost estimates submitted in an amendment filed June 3, 1992.

When KR's application was first filed it was in the name of Julie O'Connor, an individual applicant. The application was later amended in February 1992 to substitute KR, a general partnership, as the applicant. In KR's application, as originally filed by Ms. O'Connor, Mr. George Handgis was identified as the source of funds to meet the costs of construction and three months operation for the station. No change was made to this information in the February 1992 amendment.

On June 3, 1992, KR filed an amendment to its application to report that Mr. Handgis had written to Ms. O'Connor on April 28, 1992, withdrawing his financial support. The amendment also reported that KR had obtained a new source of financing, BDC Services, Inc., and that "[p]rior to securing such financing, Ms. O'Connor did a further estimate of costs of construction and 90 day operation without revenue. Her revised estimate totals \$203,450 which will be more than covered by the amount to be supplied by BDC Services, Inc."

When Ms. O'Connor originally filed KR's application she had estimated the construction and three months operating costs at



\$388,300, and relied on funding from Mr. Handgis in the amount of \$400,000. After Mr. Handgis withdrew his financial support and Ms. O'Connor began seeking alternative financing, she learned that it would be difficult to obtain another funding commitment for \$400,000.

Because of the reduced funding that Ms. O'Connor believed would be available to KR, she re-examined and revised the cost estimates for KR's proposed station to reduce the amount of funds that would be necessary to construct and operate the station for three months without relying on revenue. The revised estimates reported in KR's June 3, 1992, amendment were \$203,450. Some of the changes made in KR's construction and initial operating plans which resulted in the reduced cost estimates included a greater reliance on used or less expensive equipment, and scaling back the station's main studio (including program origination equipment) and personnel requirements.

KR was able to obtain a new funding commitment from BDC Services, Inc. in the amount of \$250,000, which was set forth in KR's June 3 amendment. The amount of funds available from BDC was sufficient to cover KR's revised cost estimates, and the June 3 amendment therefore included a new certification that KR had reasonable assurance of the availability of sufficient funds to construct and operate its proposed facility, as revised, for three months without relying on revenue.

Following the designation of KR's application for hearing, and the inclusion of a financial issue against KR, Ms. O'Connor again

examined KR's cost estimates. The purpose of this re-examination was to account for any changes in KR's current plans for its station or the cost of items included in the estimate reported in KR's June 3, 1992, amendment. As a result of that re-examination, KR now estimates that it will require \$239,225 to construct and operate its proposed station for three months without revenue.

Additionally, in the course of re-examining KR's cost estimates, Ms. O'Connor discovered that the cost estimates reported in KR's June 3, 1992, amendment inadvertently did not include the amount estimated for legal fees. As a result, the estimate reported in KR's June 3, 1992, amendment should have been stated as \$233,450, rather than \$203,450. This inadvertent error does not affect the validity of the financial certification contained in the June 1992 amendment.

In light of the foregoing, KR amends Section III of its application to change the response to Question 2 to \$239,225.

  
Julie O'Connor

Dated: May 25, 1993

ATTACHMENT 2

LAW OFFICES OF  
**WAYS DORF & VAN BERGH**

Suite 504  
1000 Connecticut Avenue, N.W.  
Washington, D.C. 20036  
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**RICHARD WAYS DORF**  
DIRECT LINE: (202) 785-2871

**MARK VAN BERGH**  
DIRECT LINE: (202) 785-2872

August 23, 1993

Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20054

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**AUG 23 1993**

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY**

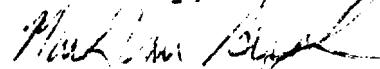
Re: KR Partners  
Waimea, Hawaii  
BPH-911001MB  
MM Docket No. 93-53

Dear Sir:

On behalf of KR Partners, applicant for a new FM station on Channel 256C at Waimea, Hawaii, submitted herewith in triplicate is an amendment to its pending application. This amendment is the subject of a simultaneously file Petition for Leave to Amend.

Should any question arise concerning this matter please contact undersigned counsel.

Sincerely,

  
Mark Van Bergh

Enclosure

cc: (with enclosure)  
Administrative Law Judge Joseph Gonzalez  
Chief, Data Management Staff  
Counsel to all parties

# AMENDMENT

The application of KR Partners for a new FM station at Waimea, Hawaii, File No. BPH-911001MB, is hereby amended for the purpose of implementing a Merger Agreement between KR Partners and KES Communications, Inc., which is the subject of a Joint Request for Approval of Agreements filed in MM Docket No. 93-53. As a result of the proposed merger between KR and KES, a new corporation will be formed, known at this time as Hawaii Broadcasting Company, Inc. Julie O'Connor, a 75% partner of KR, and Karen Slade, 100% owner of KES, will each have a 50% ownership interest in Hawaii Broadcasting Company, Inc. Nelson Parker, a 25% partner of KR will withdraw from KR and will not be a principal of the new corporation.

Attached hereto are relevant portions of FCC Form 301 to provide the required information for Hawaii Broadcasting Company, Inc. The new corporation is adopting the engineering proposal of KR Partners, thus no revised engineering section of Form 301 or related exhibits are provided.

KR PARTNERS

By:   
Julie O'Connor  
General Partner

August 10, 1993

APPLICATION FOR CONSTRUCTION PERMIT  
FOR COMMERCIAL BROADCAST STATION

FOR  
FCC  
USE  
ONLY

FOR COMMISSION USE ONLY

FILE NO.

Section 1 - GENERAL INFORMATION

1. APPLICANT NAME

HAWAII BROADCASTING COMPANY, INC.

MAILING ADDRESS (Line 1) (Maximum 35 characters)

P.O. BOX 111333, SUITE 240 \*/

MAILING ADDRESS (Line 2) (If required) (Maximum 35 characters)

CITY

KAMUELA

STATE OR COUNTRY (If foreign address)

HAWAII

ZIP CODE

96743

TELEPHONE NUMBER (Include area code)

(808) 885-3591

CALL LETTERS

OTHER FCC IDENTIFIER (IF APPLICABLE)

FOR MAILING THIS APPLICATION, SEE INSTRUCTIONS FOR SECTION 1 - GENERAL INFORMATION B.

2. A. Is a fee submitted with this application?

☐ Yes ☒ No

B. If No, indicate reason for fee exemption (see 47 C.F.R. Section 1.1112) and go to Question 3.

☐ Governmental Entity

☐ Noncommercial educational licensee

AMENDMENT TO PENDING APPLICATION

C. If Yes, provide the following information:

Enter in Column (A) the correct Fee Type Code for the service you are applying for. Fee Type Codes may be found in the "Mass Media Services Fee Filing Guide." Column (B) lists the Fee Multiple applicable for this application. Enter in Column (C) the result obtained from multiplying the value of the Fee Type Code in Column (A) by the number listed in Column (B).

	(A)	(B)	(C)										
	FEE TYPE CODE	FEE MULTIPLE (If required)	FEE DUE FOR FEE TYPE CODE IN COLUMN (A)	FOR FCC USE ONLY									
(1)	<table border="1"><tr><td></td><td></td><td></td></tr></table>				<table border="1"><tr><td>0</td><td>0</td><td>0</td><td>1</td></tr></table>	0	0	0	1	<table border="1"><tr><td>\$</td></tr></table>	\$	<table border="1"><tr><td></td></tr></table>	
0	0	0	1										
\$													

To be used only when you are requesting concurrent actions which result in a requirement to list more than one Fee Type Code.

	(A)	(B)	(C)										
				FOR FCC USE ONLY									
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0	0	0	1										
\$													

ADD ALL AMOUNTS SHOWN IN COLUMN C, LINES (1) THROUGH (2), AND ENTER THE TOTAL HERE. THIS AMOUNT SHOULD EQUAL YOUR ENCLOSED REMITTANCE.

TOTAL AMOUNT REMITTED  
WITH THIS APPLICATION

\$

FOR FCC USE ONLY

3. This application is for: (check one box)

☐ AM

☒ FM

☐ TV

(b) Channel No. or Frequency

256C

(b) Principal  
Community

City

WAIMEA

State

HI

\*/ Also send notices or communications to:  
1148 South Citrus Avenue  
Los Angeles, CA 90019  
(213) 935-9596 or 934-8371

# SECTION III - FINANCIAL QUALIFICATIONS

NOTE: If this application is for a change in an operating facility do not fill out this section.

1. The applicant certifies that sufficient net liquid assets are on hand or that sufficient funds are available from committed sources to construct and operate the requested facilities for three months without revenue.

☒ Yes ☐ No

2. State the total funds you estimate are necessary to construct and operate the requested facility for three months without revenue.

\$ 239,225

3. Identify each source of funds, including the name, address, and telephone number of the source (and a contact person if the source is an entity), the relationship (if any) of the source to the applicant, and the amount of funds to be supplied by each source.

Source of Funds (Name and Address)	Telephone Number	Relationship	Amount
First Interstate Bank 170 N. Market Street Inglewood, CA 90301 (Brenda Bellard, Vice President and Branch Manager)	(213) 671-7596	Institutional Lender	\$400,000

**ATTACHMENT 3**



**Construction & Operation Costs of**  
**Waimea C FM**

**Legal & Engineering Fees:   \$40,000**

**5 Bay w/null fill Antenna:   \$24,000**

Antenna:	\$12,500
400' of 3" Transmission Line:	\$ 7,500
Installation:	\$ 2,500
Freight:	\$ 1,500

**RF Equipment:   \$46,000**

Used 25KW Transmitter:	\$25,000
Used Exciter:	\$ 1,500
Transmitter freight:	\$ 2,000
Transmitter Initial Set-up:	\$ 1,000
Used Remote Control System:	\$ 2,000
Studio Transmitter Link & Antennas:	\$10,000
Transmitter Electrical Set-up:	\$ 1,250
Transmitter Installation Materials:	\$ 1,250
Transmitter Installation Labor:	\$ 2,000

**Monitoring/Test Equipment:   \$3,250**

Used FM Stereo Monitor:	\$ 2,500
Used EBS Monitor:	\$   750

**Program Equipment/**  
**Satellite Format:   \$32,525**

Master Control Board:	\$ 6,500
Console & CD Cabinets:	\$ 1,000
Distribution Amp:	\$   400
Speakers: (already have)	\$       0
2 Equipment Racks:	\$ 1,500
Used Otari MX50 Tape Recorder:	\$ 2,500
Used BE Triple Deck Tape Cart Player:	\$ 3,000
2 CD Players:	\$ 1,000
Used ITC Record/Play Cart Machine:	\$ 1,700
Used Teac 122MKII Cassette Machine:	\$   450
Satellite Dish & Electronics:	\$ 3,500
Satellite Interface Equipment:	\$ 1,000
Audio Processor:	\$ 4,500
Audio Cartridges:	\$ 1,000
Bulk Eraser:	\$   125
Sennheiser MD421 Microphone:	\$   350
Installation Parts & Material:	\$ 1,000
Installation Labor:	\$ 3,000

**Transmitter Site: \$950**

Building Preparation:	\$ 250
Generator Hook-up:	\$ 250
Parts & Materials:	\$ 250
Telephone Installation:	\$ 200

**Office & Studio Building: \$25,000**

Tenant Improvements (800 sq ft @ \$20):	\$16,000
Office Furniture:	\$ 5,000
2 386 16Mhz Computers w/monitors/printers:	\$ 4,000

**Total Cost of Construction: \$171,725**

**Satellite Programming Payroll: \$4,700**

Board Operator 6a-Noon/Production	\$ 1,600
Board Operator Noon-6p/Production	\$ 1,400
Board Operator 6p-Mid/ Production	\$ 1,200
Part Time Operators	\$ 500

**Sales Payroll: \$3,250**

Sales Manager	\$ 1,250 salary + Comm
Salesperson	\$ 1,000 draw
Salesperson	\$ 1,000 draw

**Administrative Payroll: \$3,250**

General Manager:	\$ 1,750 salary + Comm
Accountant/Traffic/Secretary/Reception:	\$ 1,500

**Operating Expenses: \$625**

Telephone Equipment:	\$ 150
Software Program Expense:	\$ 150
Telephone Line Charges:	\$ 175
Production Library:	\$ 150

**Sales Expenses: \$0**

Direct Sales Commissions:	\$	0
Agency Commissions:	\$	0
Rep Commissions:	\$	0
Sales Manager Commission:	\$	0
General Manager Override:	\$	0
Monthly Business Trip:	\$	0

**Long Term Liabilities: \$2,000**

Loan:	\$2,000
-------	---------

**Gen/Admin Expenses: \$8,525**

Lodging:	\$	0
Travel:	\$	0
Conventions:	\$	0
Entertainment:	\$	0
Gasoline & Auto Repairs:	\$	0
Leased Cars:	\$	0
Legal:	\$	150
Engineering:	\$	150
Accounting:	\$	150
Repairs & Maintenance:	\$	50
Storage:	\$	0
Dues & Subscriptions:	\$	0
Contributions:	\$	0
Radio Survey:	\$	0
Community Relations:	\$	0
Business Insurance:	\$	300
Medical Insurance:	\$	600
ASCAP Music License:	\$	500
BMI Music License:	\$	200
Sesac Music License:	\$	25
Telephone:	\$	500
Utilities:	\$	2,500
Printing:	\$	0
Office Supplies:	\$	0
Postage:	\$	50
Rent-Tower Site:	\$	1,700
Rent-Studio/Office:	\$	1,000
Payroll Tax:	\$	750
Miscellaneous:	\$	0

Subtotal:	\$22,500
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**Total Cost of Operation for 3 Months:**  
**\$67,500**

**Total Cost of Construction:**  
**\$171,725**

**Construction & Operation Costs of**  
**Waimea C FM**

**Legal & Engineering Fees: \$40,000**

**5 Bay w/null fill Antenna: \$24,000**

Antenna:	\$12,500
400' of 3" Transmission Line:	\$ 7,500
Installation:	\$ 2,500
Freight:	\$ 1,500

**RF Equipment: \$46,000**

Used 25KW Transmitter:	\$25,000
Used Exciter:	\$ 1,500
Transmitter freight:	\$ 2,000
Transmitter Initial Set-up:	\$ 1,000
Used Remote Control System:	\$ 2,000
Studio Transmitter Link & Antennas:	\$10,000
Transmitter Electrical Set-up:	\$ 1,250
Transmitter Installation Materials:	\$ 1,250
Transmitter Installation Labor:	\$ 2,000

**Monitoring/Test Equipment: \$3,250**

Used FM Stereo Monitor:	\$ 2,500
Used EBS Monitor:	\$ 750

**Program Equipment/**  
**Satellite Format: \$32,525**

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Console & CD Cabinets:	\$ 1,000
Distribution Amp:	\$ 400
Speakers: (already have)	\$ 0
2 Equipment Racks:	\$ 1,500
Used Otari MX50 Tape Recorder:	\$ 2,500
Used BE Triple Deck Tape Cart Player:	\$ 3,000
2 CD Players:	\$ 1,000
Used ITC Record/Play Cart Machine:	\$ 1,700
Used Teac 122MKII Cassette Machine:	\$ 450
Satellite Dish & Electronics:	\$ 3,500
Satellite Interface Equipment:	\$ 1,000
Audio Processor:	\$ 4,500
Audio Cartridges:	\$ 1,000
Bulk Eraser:	\$ 125
Sennheiser MD421 Microphone:	\$ 350
Installation Parts & Material:	\$ 1,000
Installation Labor:	\$ 3,000

**Transmitter Site: \$950**

Building Preparation:	\$ 250
Generator Hook-up:	\$ 250
Parts & Materials:	\$ 250
Telephone Installation:	\$ 200

**Office & Studio Building: \$25,000**

Tenant Improvements (800 sq ft @ \$20):	\$16,000
Office Furniture:	\$ 5,000
2 386 16Mhz Computers w/monitors/printers:	\$ 4,000

**Total Cost of Construction: \$171,725**

**Satellite Programming Payroll: \$4,700**

Board Operator 6a-Noon/Production	\$ 1,600
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Board Operator 6p-Mid/ Production	\$ 1,200
Part Time Operators	\$ 500

**Sales Payroll: \$3,250**

Sales Manager	\$ 1,250 salary + Comm
Salesperson	\$ 1,000 draw
Salesperson	\$ 1,000 draw

**Administrative Payroll: \$3,250**

General Manager:	\$ 1,750 salary + Comm
Accountant/Traffic/Secretary/Reception:	\$ 1,500

**Operating Expenses: \$625**

Telephone Equipment:	\$ 150
Software Program Expense:	\$ 150
Telephone Line Charges:	\$ 175
Production Library:	\$ 150

**Sales Expenses: \$0**

Direct Sales Commissions:	\$	0
Agency Commissions:	\$	0
Rep Commissions:	\$	0
Sales Manager Commission:	\$	0
General Manager Override:	\$	0
Monthly Business Trip:	\$	0

**Long Term Liabilities: \$2,000**

Loan:	\$2,000
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**Gen/Admin Expenses: \$8,525**

Lodging:	\$	0
Travel:	\$	0
Conventions:	\$	0
Entertainment:	\$	0
Gasoline & Auto Repairs:	\$	0
Leased Cars:	\$	0
Legal:	\$	150
Engineering:	\$	150
Accounting:	\$	150
Repairs & Maintenance:	\$	50
Storage:	\$	0
Dues & Subscriptions:	\$	0
Contributions:	\$	0
Radio Survey:	\$	0
Community Relations:	\$	0
Business Insurance:	\$	300
Medical Insurance:	\$	600
ASCAP Music License:	\$	500
BMI Music License:	\$	200
Sesac Music License:	\$	25
Telephone:	\$	500
Utilities:	\$	2,500
Printing:	\$	0
Office Supplies:	\$	0
Postage:	\$	50
Rent-Tower Site:	\$	1,700
Rent-Studio/Office:	\$	1,000
Payroll Tax:	\$	750
Miscellaneous:	\$	0

Subtotal:	\$22,500
-----------	----------

**Total Cost of Operation for 3 Months:**  
**\$67,500**

**Total Cost of Construction:**  
**\$171,725**

**GRAND TOTAL: \$239,225**



First Interstate Bank  
of California  
Inglewood Main Office  
170 N. Market Street  
Inglewood, CA 90301  
213 671-7596

Brenda Bellard  
Vice President &  
Branch Manager

August 9, 1993

Ms. Karen E. Slade  
KES COMMUNICATIONS, INC.  
1148 South Citrus Avenue  
Los Angeles, California 90019

Dear Karen:

You have advised us that KES COMMUNICATIONS, INC. ("KES") has effectuated a settlement of the Waimea, Hawaii FCC proceeding wherein KES will be merging with KR Partners to become the permittee of the new Waimea radio station.


We understand that a new corporation will be formed as a result of the merger and that you and Julie O'Conner will each hold a 50% equity interest in the new company.

The purpose of this letter is to affirm our loan commitment to you, as originally set forth in our letter to you dated March 9, 1993.

Thus, we are willing to loan you and or the new company up to \$400,000 to finance the construction and initial working capital of the new radio station, subject to a satisfactory credit review of you and/or all principals of the corporation at the time of the loan and the execution of loan documents satisfactory to the bank.

These conditions are identical to those set forth in the March 9, 1993 letter.

Sincerely,



Brenda S. Bellard  
Vice President & Manager

c: file

*We go the extra mile for you.*



First Interstate Bank  
of California  
Inglewood Main Office  
170 N. Market Street  
Inglewood, CA 90301  
213 671-7596

Brenda Ballard  
Vice President &  
Branch Manager

March 9, 1993

Ms. Karen E. Slade  
KES COMMUNICATIONS, INC.  
1148 South Citrus  
Los Angeles, CA 90019

Dear Ms. Slade:

This letter will confirm our willingness to loan you \$400,000.00 to finance the construction and initial working capital of your proposed new FM radio station in Waimea, Hawaii. You will need to meet the necessary Bank criteria to qualify for such a loan. The following terms and conditions are negotiable at the time of approval.

- Term: (5 Years)
- Repayment: Interest only in year one with principal amortized in full over the remaining years in equal installments.
- Rate: To be determined upon commitment not to exceed prime plus 4% floating.
- Collateral: Primary
1. Pledge of station assets and of stock of a corporation of the loan applicant.
  2. Commercial Real Estate and/or Equipment.
  3. Income from Business
- Secondary
1. Personal Guarantee of Principals
  2. Assets of Principals
  3. Income of Principals

We understand that the Federal Communications Commission requires that you have reasonable assurance of the availability of the above described loan. This letter is intended to provide such reasonable assurance, but does not constitute a binding commitment on the part of the bank to make the loan. We are familiar with you and your credit history. Our willingness to make such a loan is expressly conditioned upon you and/or your corporations ability to meet all of the necessary criteria required by the bank & authorization from the Federal Communications Commission.

*We go the extra mile for you."*





First Interstate Bank  
of California  
Inglewood Main Office  
170 N. Market Street  
Inglewood, CA 90301  
213 671-7596

Brenda Bellard  
Vice President &  
Branch Manager

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March 9, 1993

We will also require the necessary permits for construction of a site in Waimea, Hawaii. Your loan will also be subject to the following :

1. No adverse change in financial condition.
2. Another satisfactory credit review at the time of loan.
3. The execution of loan documents (including, without limitation, security and guaranty agreements) all satisfactory to the bank and its counsel at their sole discretion.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Brenda Bellard'.

First Interstate Bank  
Brenda Bellard  
Vice President &  
Branch Manager

*"We go the extra mile for you."*